

Message Text

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PAGE 01 TOKYO 16123 180825Z

ACTION EB-08

INFO OCT-01 EA-10 ISO-00 CAB-02 CIAE-00 COME-00
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E.O. 11652: NA

TAGS: EAIR, JA

SUBJECT: US-JAPAN VICAIR NEGOTIATION: REPORT 6

1. SUMMARY. CURRENT ROUND OF CIVAIR NEGOTIATIONS CONCLUDED OCTOBER 18 WITH STATEMENTS OF GENERAL POSITION BY EACH DELEGATION, ACCEPTANCE THAT NOTHING MORE COULD BE DONE IN THIS ROUND, AND TENTATIVE AGREEMENT RESUME TALKS IN WASHINGTON NOVEMBER 28. JAPANESE ARE NOT PREPARED AT THIS TIME CONCLUDE CHARTER AGREEMENT AS PART OF OVERALL PACKAGE AND CONTINUE TO WANT CONTRACTION US ROUTE RIGHTS AND RESTRICTIONS ON CAPACITY AND NUMBER OF AIRLINES WHILE EXPANDING JAPANESE ROUTE RIGHTS. USDEL HAS HELD TO POSITION THAT IT PREPARED INCREASE JAPANESE ROUTE RIGHTS, BUT ONLY IN CONTEXT OF NO CONTRACTION OF US RIGHTS, RESOLUTION JAPANESE AIRPORT CONGESTION PROBLEM, CONCLUSION CHARTER AGREEMENT, AND ENCOURAGEMENT LOW FARE SCHEDULED SERVICES. END SUMMARY.

2. INFORMAL STEERING GROUP MET AGAIN OCTOBER 17 TO CONTINUE INCONCLUSIVE MEETING HELD ON OCTOBER 12 FOR PURPOSE ATTEMPTING TO AGREE ON WHAT ELEMENTS WOULD BE INCLUDED IN PACKAGE. AT END OF DAY, TWO SIDES WERE AS FAR APART AS EVER. JAPANESE SIDE SAID THERE WAS NO LIMITED OFFICIAL USE

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PAGE 02 TOKYO 16123 180825Z

POINT IN TRYING TO RECONCILE DIFFERENCES FURTHER IN THIS ROUND. IT WAS AGREED HOLD FINAL PLENARY ON OCTOBER 18 SO THAT EACH SIDE COULD SET FORTH ITS POSITION.

3. AT PLENARY, JDEL MADE LONG STATEMENT REITERATING ITS POSITION ALONG FOLLOWING LINES. JAPAN'S BASIC OBJECTIVE IS TO RECTIFY INEQUITIES IN BILATERAL REGARDING ROUTES,

DESIGNATION AND CAPACITY AND IT UNDERSTOOD US ACCEPTED THIS INEQUITY. HOWEVER, US WAS OPPOSED TO ANY CONTRACTION ITS RIGHTS AND WANTED CHARTER AGREEMENT, ENCOURAGEMENT LOW FARES, AND IMPROVEMENT JAPANESE AIRPORT CAPACITY SITUATION. JAPAN WILLING CONTINUE UNLIMITED BEYOND RIGHTS FOR US IF US GRANTS UNLIMITED BEYONDS FOR JAPAN. JAPAN WAS OPPOSED TO PACKAGE INCLUDING CHARTERS BECAUSE FIRST ORDER OF BUSINESS IS TO REDRESS INEQUITIES IN EXISTING AGREEMENT, AND IN ANY EVENT JAPAN NOT IN POSITION AT THIS TIME TO CONCLUDE CHARTER AGREEMENT. HOWEVER, JAPAN PREPARED CONCLUDE SUCH AGREEMENT IN NEAR FUTURE AND IN MEANTIME EXPAND SUBSTANTIALLY THE CURRENT ANNUAL QUOTA OF 70 FLIGHTS FOR US SUPPLEMENTALS AND GUARANTEE AIRPORT SLOTS FOR THESE FLIGHTS ONCE NARITA OPENED. JAPAN NOT OPPOSED LOW FARES IN PRINCIPLE. AS FOR AIRPORT CONGETION, SUBSTANTIAL IMPROVEMENT WILL BE POSSIBLE AT NARITA, BUT ONLY 2 OR 3 YEARS HENCE. CONCLUDING, JDEL SAID THAT, IS PRESENT INEQUITIES NOT REDRESSED AND CAPACITY REGIME SIMILAR TO US-UK NOT CONCLUDED, IT FEARED POLITICAL DIFFICULTIES COULD AFFECT US-JAPAN RELATIONS.

4. USDEL RESPONDED THAT US DID NOT ACCEPT THERE WERE REAL INEQUITIES IN CURRENT AGREEMENT. IT NOTED THAT JAPAN HAD UNLIMITED RIGHTS TO CARRY TRAFFIC FROM BEHIND JAPAN WHICH WERE AS VALUABLE AS US RIGHTS BEYOND JAPAN, THAT JAPAN HAD RIGHTS TO 7 US POINTS AND US LIMITED OFFICIAL USE

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PAGE 03 TOKYO 16123 180825Z

US TO ONLY 3 IN JAPAN, ETC. NEVERTHELESS, US HAD ACCEPTED JAPANESE PROPOSAL TO REVISE AGREEMENT AND EXPAND JAPAN'S ROUTE RIGHTS, BUT IT COULD NOT CORRECT INEQUITIES PERCEIVED BY JAPAN THROUGH CONTRACTION US ROUTE RIGHTS AND RESTRICTIONS ON CAPACITY AND DESIGNATION WHICH WERE BASICALLY PROTECTIONIST. IN RETURN, US SOUGHT REMOVAL OF BARRIERS TO COMPETITION AND EXPANSION OF ALL FORMS AIR TRANSPORTATION IN AN INTEGRATED SYSTEM. SPECIFICALLY, THIS REQUIRED IMPROVEMENT IN JAPANESE AIRPORT CAPACITY, CHARTER AGREEMENT, AND ENCOURAGEMENT LOW FARES. THESE ISSUES COULD NOT BE RESOLVED IN PIECEMEAL FASHION, SUCH AS BY ACCEPTING A SHORT TERM IMPROVEMENT IN CHARTERS, LEAVING LONG TERM TO BE WORKED OUT LATER. WE RECOGNIZED THERE WERE AIRPORT CONGESTION PROBLEMS AND THEREFORE WERE PREPARED TO CONSIDER A STEP-BY-STEP EXPANSION IN OPPORTUNITIES FOR BOTH SIDES OVER A 2 OR 3 YEAR PERIOD.

5. USDEL NOTED JDEL HAD SAID IT HAD MADE SACRIFICES TO RESOLVE THE IMMEDIATE ISSUES IN JULY, BUT US DID NOT CONSIDER IT A SACRIFICE FOR JAPAN TO FULFIL ITS AGREEMENT OBLIGATIONS. SLOW PACE OF NEGOTIATIONS WAS CAUSE FOR CONCERN, HOWEVER, BECAUSE IT COULD LEAD TO RETURN OF

GUERRILLA WARFARE, A WITNESSED BY CRISIS END LAST WEEK
OVER US AIRLINE SCHEDULE FILINGS. DETERIORATION OF
AVIATION RELATIONS COULD LEAD TO POLITICAL REACTIONS IN
US, JUST AS JDEL SAID MIGHT HAPPEN IN JAPAN. THEREFORE,
US HOPED JAPAN WOULD REVIEW ITS POSITION MOST CAREFULLY
BEFORE NEXT ROUND SO THAT OVERALL AGREEMENT COULD BE
REACHED AT THAT TIME.

6. JDEL PROPOSED THIS ROUND BE CONCLUDED BECAUSE
FURTHER PROGRESS NOT NOW POSSIBLE. IT REAFFIRMED ITS
BASIC POSITION THAT INEQUITY MUST BE CORRECTED. GIVEN
US POSITION, JAPAN WOULD HAVE TO CONSIDER WHAT POSITION
TO TAKE BEFORE NEXT ROUND, AND IT REQUESTED THAT US
GIVE FULL CONSIDERATION TO JAPAN'S POSITION. THE FRANK
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PAGE 04 TOKYO 16123 180825Z

EXCHANGE OF VIEWS HAD NOT BEEN USELESS AND JAPAN WANTED
MAKE FURTHER EFFORTS TO REACH AGREEMENT.

7. IT WAS AGREED THAT EACH SIDE WOULD, IN BRIEFING MEDIA,
EMPHASIZE THAT CURRENT ROUND WAS ONE PHASE IN TALKS,
THAT THERE HAD BEEN FULL EXCHANGE OF VIEWS AND DIS
CUSSION OF RESPECTIVE POSITIONS, AND THAT TWO SIDES
HAD AGREED TO RESUME TALKS WITH A TENTATIVE DATE OF
NOVEMBER 28 IN WASHINGTON. WE WOULD AVOID CHARACTERIZING
TALKS AS A BREAKDOWN.
MANSFIELD

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Message Attributes

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Control Number: n/a
Copy: SINGLE
Sent Date: 18-Oct-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
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Disposition Approved on Date:
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